



2009
annual
report

local
people
local
service



Learn how to use your utilities wisely and save money at www.omu.org

Electric System Balance Sheets (Figures in Thousands)

	Management 2009	Audited 2008	Audited 2007	Audited 2006
ASSETS				
Utility Plant, Net	\$198,345	\$208,479	\$214,448	\$222,109
Restricted Assets	64,892	84,350	86,086	81,839
Current Assets	20,304	25,694	24,564	25,991
Noncurrent Assets	10,102	8,379	2,897	4,923
TOTAL ASSETS	\$293,643	\$326,902	\$327,995	\$334,862
LIABILITIES & NETASSETS				
Total Net Assets	\$110,418	\$115,978	\$117,763	\$116,637
Long-Term Debt	142,049	151,759	165,282	174,784
L-T Payable to KU	-	3,182	2,846	2,521
Current Liabilities	37,045	46,926	33,617	33,506
Deferred Revenue	4,131	9,057	8,487	7,414
TOTAL LIABILITIES & NETASSETS	\$293,643	\$326,902	\$327,995	\$334,862

Electric System Statements of Revenues, Expenses & Changes in Net Assets (Figures in Thousands)

	Management 2009	Audited 2008	Audited 2007	Audited 2006
Kilowatt Hours				
OMU	872,182	919,892	902,185	892,615
KU/Other (01)	1,547,422	1,138,906	1,327,167	1,327,755
TOTAL KILOWATT HOURS SOLD	2,419,604	2,058,798	2,229,352	2,220,370
Operating Revenues	\$127,909	\$108,127	\$88,292	\$92,372
Operating Expenses	114,389	95,444	72,508	73,829
OPERATING INCOME	\$ 13,520	\$ 12,683	\$ 15,784	\$ 18,543
Nonoperating Revenues (Expenses)	(10,494)	(7,431)	(8,227)	(9,701)
INCOME BEFORE CONTRIBUTIONS & TRANSFERS	\$ 3,026	\$ 5,252	\$ 7,557	\$ 8,842
Special Item - Loss on Sale of Business Unit	(1,180)	-	-	-
Dividend to City	(7,406)	(7,037)	(6,431)	(6,193)
CHANGE IN NETASSETS	\$ (5,560)	\$ (1,785)	\$ 1,126	\$ 2,649

(01) Includes kWh from SEPA power sales.

Fiscal years 2008-2009, 2007-2008, 2006-2007 and 2005-2006 revenues include unbilled revenue accounting adjustments of \$365,000, \$301,000, \$91,000 and \$1,412,000, respectively.

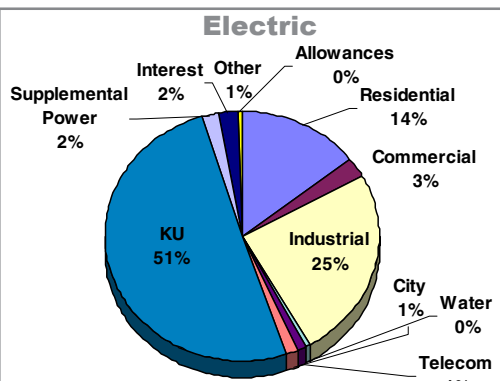
Water System Balance Sheets (Figures in Thousands)

	Management 2009	Audited 2008	Audited 2007	Audited 2006
ASSETS				
Utility Plant, Net	\$ 45,649	\$ 46,049	\$ 46,228	\$ 46,202
Restricted Assets	7,468	1,529	1,876	2,321
Current Assets	2,431	2,653	3,147	3,292
Noncurrent Assets	1,053	322	332	386
TOTAL ASSETS	\$ 56,601	\$ 50,553	\$ 51,583	\$ 52,201
LIABILITIES & NETASSETS				
Total Net Assets	\$ 29,411	\$ 29,163	\$ 28,639	\$27,913
Long-Term Debt	25,232	18,131	19,580	20,954
Current Liabilities	1,269	2,282	2,184	2,193
Customers' Advances for Construction	689	977	1,147	1,141
Other	-	-	33	-
TOTAL LIABILITIES & NETASSETS	\$56,601	\$ 50,553	\$ 51,583	\$ 52,201

Water System Statements of Revenues, Expenses & Changes in Net Assets (Figures in Thousands)

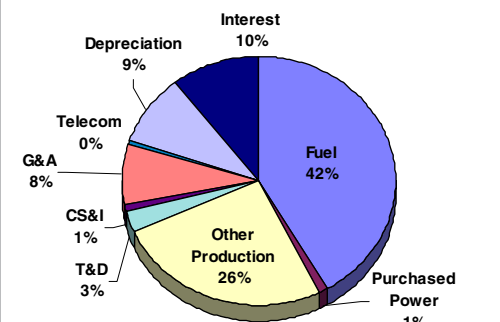
	Management 2009	Audited 2008	Audited 2007	Audited 2006
CUBIC FEET SOLD	538,898	554,649	542,240	563,499
Operating Revenues	\$ 7,968	\$ 7,786	\$ 7,451	\$ 7,838
Operating Expenses	7,039	6,813	6,038	5,724
OPERATING INCOME	\$ 929	\$ 973	\$ 1,413	\$ 2,114
Nonoperating Revenues (Expenses)	(1,074)	(931)	(932)	(1,014)
INCOME BEFORE CONTRIBUTIONS & TRANSFERS	\$ (145)	\$ 42	\$ 481	\$ 1,100
Capital Contributions	529	613	365	199
Dividend to City	(136)	(131)	(120)	(163)
CHANGE IN NETASSETS	\$ 248	\$ 524	\$ 726	\$ 1,136

Fiscal years 2008-2009, 2007-2008, 2006-2007 and 2005-2006 revenues include unbilled revenue accounting adjustments of \$36,000, \$31,000, (\$27,000) and \$215,000, respectively.



Revenues:

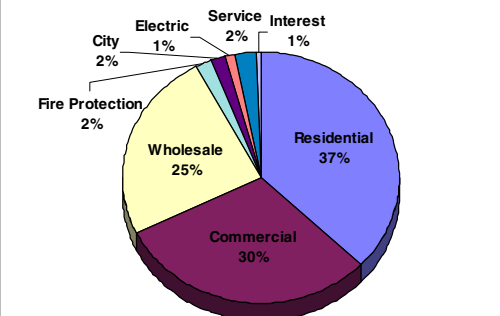
Residential	\$ 18,806,474
Commercial	3,324,490
Industrial	32,382,755
Water System (Water)	564,062
Telecommunications (Telecom)	1,687,389
City of Owensboro (City)	1,876,643
Kentucky Utilities Company (KU)	66,093,176
Supplemental Power	2,412,816
Interest Income (Interest)	2,841,538
Gain from Sale of Allowances (Allowances)	37,877
Other	768,688
TOTAL REVENUES	\$ 130,795,908



Expenses:

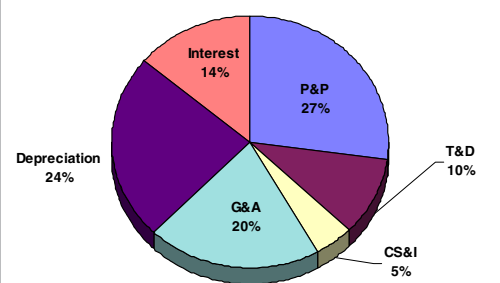
Fuel	\$ 53,154,268
Purchased Power	1,656,813
Other Production	32,622,799
Transmission & Distribution (T&D)	3,296,458
Customer Service & Information (CS&I)	1,086,223
General & Administrative (G&A)	9,964,234
Telecommunications (Telecom)	635,619
Depreciation	11,972,526
Interest	13,381,099
TOTAL EXPENSES	\$ 127,770,039

Water System Revenues



Revenues:

Residential	\$ 2,983,362
Commercial	2,447,832
Wholesale	1,968,951
Fire Protection	155,394
City of Owensboro (City)	136,003
Electric System (Electric)	73,584
Service	202,330
Interest	49,033
Other	-
TOTAL REVENUES	\$ 8,016,489



Expenses:

Production & Purification (P&P)	\$ 2,212,260
Transmission & Distribution (T&D)	814,915
Customer Service & Information (CS&I)	407,165
General & Administrative (G&A)	1,635,527
Depreciation	1,969,033
Interest	1,122,863
TOTAL EXPENSES	\$ 8,161,763

Public Power Week 2009

For over 20 years in October, the more than 2,000 municipally-owned and operated electric utilities have celebrated Public Power Week. OMU joins others this week and throughout the month in celebrating the concept of local community control and ownership of their electric service.

In this annual report, you will get a glimpse of Owensboro Municipal Utilities. You will see that we have proudly served our community for the past 109 years. We hope to continue to serve you, our customer and our owner, efficiently and effectively. As your local utility, our mission continues to be “to serve our community by providing quality utility services at the most economical cost.”

OMU: Your Electric, Water and Telecommunications Utility

As you may know, OMU is a municipally-owned utility, which means that you, our customers, are our owners. Initially, Owensboro Municipal Utilities served only a few hundred customers. As Owensboro has grown, OMU has expanded and now provides service to 25,906 electric customers and 24,548 water users, including both residential and commercial accounts.

Electric peak

In 2007, OMU set a new all-time electric peak on August 7, at the hour ending 3 p.m. with 203.4 megawatts. OMU set its 2009 electric usage peak on June 22 at 190.6 megawatts at the hour ending 4 p.m.

Water peak

OMU set its all-time peak for water production on July 23, 1999 when OMU pumped a daily total of 19,122,000 gallons of water to its customers. OMU set its 2009 peak on June 1 when it pumped 14,781,000 gallons.

City of Owensboro

OMU transferred \$7,542,446 in cash and free electric and water service to the City of Owensboro in fiscal year 2008-2009, lowering the tax requirements for the city. This saved each Owensboro resident approximately \$136 in taxes based on an estimated city population of 55,500.

Electric costs*

On average, OMU electric customers paid 6.57 cents per kilowatt hour in fiscal year 2008-2009, which is among the lowest rates in the region and the nation. OMU, like other utilities and industries across the nation, felt fuel and maintenance cost pressures, prompting the utility to increase its energy cost adjustment (ECA) effective April 1, 2009. The ECA allows the utility to adjust for variances in energy costs (fuel, maintenance and back-up power costs) for OMU's Elmer Smith Station. In addition, OMU sought its first base rate increase in nearly 17 years. The two-phase adjustment was approved by the Utility and Owensboro City commissions. The first phase became permanent on October 1 and the second phase will be in place January 1, 2010.

Water costs**

OMU water customers paid an average of \$2.03 per 1000 gallons, or approximately 2/10 of a cent per gallon. Residential service charges and other volume rates were increased effective January 1, 2009 aiding the utility in meeting its revenue needs. OMU's two water treatment plants provide water to not only Owensboro residents, but also supply wholesale water to three local districts (Southeast Daviess County, West Daviess County and East Daviess County), who distribute water throughout Daviess County.

Using your utilities wisely

Now more than ever, customers want to save money and lower their personal environmental impact. For information about ways you can lower your water and electric usage, visit www.omu.org and choose the “Using Your Utilities Wisely” tab.

Payment options

OMU continually looks for ways to better serve our customers. We offer a variety of programs that make paying your combined services bill easier. For instance, 3,122 customers have their monthly bill automatically deducted from their checking account or applied to their credit card. Many others choose from two of our monthly budgeting plans: levelized or budget billing. In March 2001, OMU added credit cards to its list of payment options. Customers can use a VISA, Discover or Mastercard debit or credit card to pay their combined services bill.

Most recently OMU began to offer a new telephone payment system. This system allows customers to pay with a credit or debit card by simply calling the Customer Service Center, any time of the day or night and following the touch-tone options. Simply call 926-3200 and listen for the prompts. In addition, OMU offers online bill payment through its website at www.omu.org, allowing customers to use their checking account or credit card to pay through the Internet.

Coal

The Elmer Smith Station burns locally-mined coal and uses a tire-derived fuel system (TDF) to produce the electricity Owensboro requires. The plant purchased 1,193,014 tons of fuel in fiscal year 2009 at a cost of \$46,235,991, an average of \$38.76 per ton.

The TDF system consumed a total of 4,117 tons of chipped tires which removed approximately 411,700 waste tires from our landscape, saving valuable landfill space and providing environmental benefits.

Telecommunications

OMU added a third utility to its list of services in 1996. OMU's telecommunication division provides dark fiber and point-to-point services for commercial and industrial customers.

Earlier this year, OMU sold its residential wireless system to Norlight, Inc. In the months that followed, OMU assisted in transitioning users to their new internet provider. OMU, however, continues to provide telecommunications services to commercial customers throughout our community.

Gross revenues for the telecom division were \$2,015,696 in fiscal year 2008 and \$1,687,389 in fiscal year 2009.

Safety program

At OMU, safety comes first for the community and our employees. In the past year, our employees celebrated several safety milestones. We congratulate them on working safely and encourage them to continue this tradition.

Community

Since its start, OMU has maintained a strong commitment to its community. For instance, Owensboro Municipal Utilities' employees have remained one of the largest donors to United Way annually. Employees also participate in a number of community events and organizations including, for instance, local blood drives, festivals, and Neighborhood Alliance projects. In addition, OMU is proud of its school safety program. Power Town and Louie the Lightning Bug® tell children each year about the importance of electricity and using it safely.

*Average electric revenues from residential, industrial and commercial customers. **Average water revenues from residential and commercial customers.